

FISCAL NOTE

Bill #: SB0175

Title: Dependent health insurance tax credit

Primary

Sponsor: Dorothy Eck

Status: As introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Revenue:		
General Fund	(\$475,970)	(\$475,970)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

1. This bill applies starting with tax year 1999.
2. This bill provides a tax credit for medical care insurance premium payments for dependents meeting the following qualifications:
 - a) the dependent is less than 19 years of age;
 - b) the dependent is a resident of Montana;
 - c) the dependent is not eligible for coverage under medicaid; and
 - d) the dependent is not eligible for coverage under the state's Children's Health Insurance Program (CHIP).
3. The state's CHIP program covers all dependent children not otherwise covered by insurance, with the exception of dependents of employees of the state of Montana.
4. Families with household income greater than 150% of federal poverty levels are not eligible for the credit provided for in this bill.

(continued)

5. Credits under this bill would be claimed by low-income, state-employee households whose medical insurance premium costs exceed the state contribution to medical insurance.
6. There are 313 state employees who have insurance coverage for “employee and child(ren)” who earn wages below 150% of the federal poverty level for their respective family size (Department of Administration). These employees are single parents, with dependent children under age 19. These employees pay \$25.36 per month in out-of-pocket medical insurance premiums (D of A). These employees will claim total credits against income tax of \$95,250 per year ($313 \times \$25.36 \times 12 = \$95,250$).
7. Based on 1997 individual income tax returns, 48.28% of all married couples are in one-earner families (Department of Revenue income tax database).
8. There are 872 state employees who have insurance coverage for “employee and family” who earn wages below 150% of the federal poverty level for their respective family size (Department of Administration). All of these employees are married, with 51.72% married to a working spouse, making the family ineligible for the credits under this proposal. The remaining 48.28% of these employees are married to a non-working spouse and have dependent children under age 19. These employees pay \$75.36 per month in out-of-pocket medical insurance premiums (Dof A). These employees will claim total credits against income tax of \$380,720 per year ($872 \times .4828 \times \$75.36 \times 12 = \$380,720$).
9. The total amount of credit claimed annually under this proposal is **\$475,970**.

FISCAL IMPACT:

	<u>FY2000</u> <u>Difference</u>	<u>FY2001</u> <u>Difference</u>
<u>Revenues:</u>		
General Fund (01)	(\$475,970)	(\$475,970)

LONG-RANGE IMPACTS:

The credit is permanent and will impact general fund revenues in the long-term.